

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
ADJUSTMENT FILING OF ELAM)	CASE NO. 2004-00492
UTILITY COMPANY)	

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company ("Elam") and provided for their further adjustment on a quarterly basis in accordance with Elam's gas cost adjustment ("GCA") clause.¹

On December 7, 2004, Elam filed its proposed GCA to be effective January 1, 2005.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Elam's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Elam's Expected Gas Cost ("EGC") is \$7.2960, which is 14.69 cents per Mcf less than the previously approved EGC of \$7.4429.
3. Elam's notice sets out no current refund adjustment ("RA").
4. Elam's notice sets out a current quarter actual adjustment ("AA") of (19.33) cents per Mcf. Elam incorrectly used the GCA for August, September and

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324, Order dated October 24, 2003.

October 2004, rather than the EGC, in its calculation. Correcting for this error produces a current quarter AA of (20.4) cents per Mcf. Elam's total AA is (11.97) cents per Mcf, which is a decrease of 20.4 cents per Mcf from the previous total AA.

5. Elam's notice sets out no current quarter balance adjustment ("BA"). Elam's notice sets out no total BA. Elam has a previous quarter BA of (62.5) cents per Mcf that should be carried forward through October 2005. Elam's total BA is (62.5) cents per Mcf, which is no change from the previous total BA.

6. Elam's revised GCA is \$6.5513 per Mcf, which is 35.09 cents per Mcf less than the previous GCA of \$6.9022.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after January 1, 2005.

IT IS THEREFORE ORDERED that:

1. Elam's proposed rates are denied.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after January 1, 2005.
3. Within 20 days of the date of this Order, Elam shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 17th day of December, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Executive Director

Case No. 2004-00492

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00492 DATED December 17, 2004

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$6.5513	\$10.8512

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$6.5513	\$10.3614